

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 HEW-04
/103 W

-----101531Z 019580 /44

R 101437Z JUN 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 4891
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION NATO
USNMR SHAPE
USMISSION GENEVA
AMCONSUL BELFAST
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USEEC ALSO FOR EMBASSY
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PASS LABOR, TREASURY, FRB

E.O. 11652: N/A
TAGS: ELAB, UK
SUBJECT: JACK JONES ON NEXT PAY ROUND

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REF: LONDON 9206

SUMMARY. COMMENTS BY JACK JONES FOLLOWING AN EXECUTIVE
MEETING OF THE TRANSPORT AND GENERAL WORKERS' UNION
(TGWU) HELD ON JUNE 2 HAVE BEEN WIDELY INTERPRETED IN
THE PRESS AS PRECLUDING THE NEGOTIATION OF A MEANING-
FUL THIRD STAGE OF INCOMES POLICY BETWEEN THE GOVERNMENT

AND THE TRADES UNION CONGRESS (TUC). THIS INTERPRETATION SUGGESTS THAT THE EXECUTIVE DECIDED TO BOW TO RANK-AND-FILE PRESSURE AND PRESENT A MOTION TO THE FORTHCOMING TGWU CONFERENCE CALLING FOR AN END TO RIGID WAGE RESTRAINT WHEN THE CURRENT PHASE II AGREEMENT EXPIRES ON JULY 31. WE BELIEVE, HOWEVER, THAT JONES' STATEMENT WAS IN PART A BARGAINING PLOY DESIGNED TO INCREASE PRESSURE ON THE GOVERNMENT AND THE DOOR TO AN ACCEPTABLE AGREEMENT IS NOT YET FIRMLY SHUT. END SUMMARY.

1. JACK JONES, THE GENERAL SECRETARY OF THE TRANSPORT AND GENERAL WORKERS' UNION (THE BIGGEST UNION IN THE COUNTRY WITH 1.85 MILLION MEMBERS), ON JUNE 2 MADE COMMENTS TO THE PRESS AFTER A TGWU EXECUTIVE MEETING THAT COULD PROVE TO BE A HIGHLY SIGNIFICANT CONTRIBUTION TO THE CURRENT DEBATE ON INCOMES POLICY. JONES IS RIGHTLY SEEN AS THE ARCHITECT OF THE SOCIAL CONTRACT AND MANY HAVE ARGUED THAT WITHOUT HIS PERSONAL SUPPORT NO WAGE RESTRAINT AGREEMENT COULD HAVE BEEN REACHED IN 1975 OR 1976. HIS POSITION OVER THE PAST FEW MONTHS HAS BEEN A LITTLE UNCERTAIN; THOUGH HE INITIALLY ARTICULATED QUALIFIED SUPPORT FOR FURTHER WAGE RESTRAINT, THE INCREASING DISSATISFACTION WITH GOVERNMENT POLICY AMONG TGWU MEMBERS ENCOURAGED JONES TO MOVE TO A MORE CRITICAL STANCE.

2. THOUGH THE CURRENT AGREEMENT RUNS OUT ON JULY 31, THERE ARE STILL MANY GROUPS WHO HAVE DELAYED THEIR WAGE LIMITED OFFICIAL USE

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SETTLEMENTS IN THE HOPE THAT BY FORGOING A SMALL WAGE INCREASE NOW, THEY WILL BE ABLE TO NEGOTIATE A BIGGER SETTLEMENT AFTER PHASE II HAS EXPIRED. JONES' JUNE 2 COMMENTS, HOWEVER, INDICATE THAT THE TGWU EXECUTIVE WISHES TO FORECLOSE THIS POSSIBILITY. THE CURRENT

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/103 W

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R 101437Z JUN 77
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USEEC; USOECD

AGREEMENT MAKES IT IMPOSSIBLE FOR A TRADE UNION TO
NEGOTIATE AN INCREASE IN WAGES UNTIL ITS PREVIOUS AGREE-
MENT HAS BEEN IN EXISTENCE FOR AT LEAST TWELVE MONTHS.
THE MOTION THAT THE EXECUTIVE WILL NOW PUT TO THE
ANNUAL CONFERENCE, CALLING FOR AN "ORDERLY RETURN TO
VOLUNTARY COLLECTIVE BARGAINING", IS, ACCORDING TO PRESS
REPORTS, CONSTRUED BY JONES TO MEAN THAT THOSE WHO HAVE
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YET TO SETTLE UNDER PHASE II WILL BE FORCED TO DO SO
AND THEREAFTER HOLD TO THE CURRENT TWELVE-MONTH RULE.

3. IF THIS FORMULA, AND NO MORE, IS ACCEPTED BY THE
TUC, THE NEXT YEAR OF PAY POLICY WOULD BE MUCH WEAKER
THAN THE GOVERNMENT HOPES. THOUGH THE PRESS IS STRESS-
ING THIS INTERPRETATION OF JONES' COMMENTS, IT WOULD
APPEAR THAT THE ACTUAL WORDING OF THE MOTION THAT IS TO
GO BEFORE THE CONFERENCE LEAVES SOME SCOPE FOR ALTERNA-
TIVE INTERPRETATION. OTHER CONFERENCES HAVE USED THE
EUPHEMISM OF AN "ORDERLY RETURN TO FREE COLLECTIVE

BARGAINING" TO EXPRESS SUPPORT OF SOME FORM OF CONTINUED WAGE RESTRAINT; IN THIS CASE (AND FOLLOWING JONES' PRIVATE MEETING WITH LABOR CORRESPONDENTS) THE OPPOSITE INTERPRETATION PREVAILS IN THE PRESS.

4. IF JONES' COMMENTS DO INDICATE TGWU OPPOSITION TO FURTHER WAGE RESTRAINT BEYOND THE EFFECTIVE ENFORCEMENT OF THE TWELVE-MONTH RULE APPLIED TO PHASE II, THERE IS VIRTUALLY NO POSSIBILITY OF THE TUC AGREEING TO ANY SPECIFIC LIMITS IN THE LEVEL OF WAGE INCREASES. THE SIZE OF THE TGWU VOTE AT CONGRESS IS SUCH THAT THEY ARE ABLE TO SWING THE VOTE EITHER WAY; THE CURRENT DIVISION OF VOTES, REPORTED EARLIER (REFTEL), IS 2.4 MILLION FOR AND 2.8 MILLION AGAINST AN AGREEMENT, WITH 3.7 MILLION UNDECIDED. GIVEN THIS BALANCE, THE 1.85 MILLION TGWU VOTE IS CRUCIAL.

5. BASED ON OUR EARLIER DISCUSSIONS WITH JONES, WE ARE INCLINED TO BELIEVE HIS BACKGROUND BRIEFING OF LABOR CORRESPONDENTS -- WHILE REFLECTING HIS PERCEPTIONS OF RANK-AND-FILE SENTIMENTS -- WAS PRINCIPALLY AN EFFORT TO STRENGTHEN THE UNIONS' BARGAINING POSITION VIS-A-VIS THE GOVERNMENT. ACCORDINGLY, WE STILL BELIEVE A PHASE III AGREEMENT REMAINS POSSIBLE, ALTHOUGH CLEARLY NOT PROBABLE. AND IT WOULD PROBABLY BE WEAKER THAN THE LIMITED OFFICIAL USE

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GOVERNMENT WOULD LIKE. BREWSTER

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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Disposition Date: 22 May 2009
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